



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

May 18, 1998

FEDERAL EXPRESS OVERNIGHT MAIL  
Tracking #: 1557169806

Mike Dobyan  
International Services  
US Bank National Association  
918 Seventeenth Street, CNBB 0540  
Denver, Colorado 80202

Re: Letters of Credit, 1 and 1, USMX of Utah (Dakota Mining), Goldstrike Mine, M/053/005, Washington County, Utah

Dear Mr. Dobyan:

Enclosed are original signed copies of Exhibit A and Exhibit B for two Irrevocable Letters of Credit (ILOC) made jointly payable to the Utah State Division of Oil, Gas and Mining and the U.S. Department of the Interior, Bureau of Land Management (BLM) to insure final reclamation of USMX of Utah, Inc.'s Goldstrike Mine. Letter of Credit # 1 was initially issued on June 8, 1993. The most recent amendment to this Letter of Credit (October 27, 1997) reduced the amount to \$129,200.00. Letter of Credit # 2 was initially issued on June 8, 1993. The most recent amendment to this Letter of Credit (August 2, 1996) reduced the amount to \$69,300.00.

This Division, the BLM and USMX of Utah, Inc. have agreed upon a surety forfeiture agreement (copy attached) authorizing the Division to cash the ILOC's so that the funds may be used to complete the reclamation of the Goldstrike Mine. A telefaxed copy of a letter from the BLM authorizing the cashing of the ILOC's is also attached. The BLM will forward the original copy of their letter to your office by U.S. Mail.

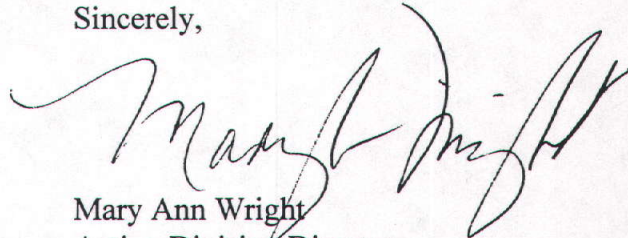
Because time is of critical importance in this matter, we request that you please cut a cashier's check for the balance of the ILOC's and forward it to our office by overnight courier. Please use a Federal Express air mailing service and bill our FedEx account number . The BLM has authorized us to hold and manage the funds on their behalf.



Page 2  
Mike Dobyan  
USMX ILOC  
M/053/005  
May 18, 1998

If you have questions or require additional information from the Division, please contact me or D. Wayne Hedberg at (801) 538-5306, and 538-5286 respectively. Thank you for your assistance in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with the first name "Mary" and last name "Wright" clearly distinguishable.

Mary Ann Wright  
Acting Division Director

jb  
Attachments: Original LOC's #      & #      ; BLM fax letter  
cc:      Joe Kircher, USMX of Utah  
         Jim Crisp, Manager, Dixie RA, BLM  
         File #: M053005  
o:\usmx-loc.let





# UNITED STATES DEPARTMENT OF THE INTERIOR

## BUREAU OF LAND MANAGEMENT

### DIXIE RESOURCE AREA

345 E. Riverside Drive  
St. George, Utah 84790

Phone (435)688-3200 · Fax (435)688-3252

In reply refer to:  
3809  
UTU-68572  
(UT-045)

May 18, 1998

Mike Dobyan  
International Services  
US Bank National Association  
918 Seventeenth Street, CNBB 0540  
Denver, Colorado 80202

Re: Letters of Credit, and USMX of Utah (Dakota Mining), Goldstrike  
Mine, UTU-68572, Washington County, Utah

Dear Mr. Dobyan:

The U.S. Dept. of Interior Bureau of Land Management, Dixie Resource Area, the Utah Division of Oil, Gas, and Mining, and USMX of Utah, Inc. have agreed upon a surety forfeiture agreement. The agreement authorizes the Division to cash the above referenced Letters of Credit so the funds may be used to complete the reclamation of the Goldstrike Mine. A telefaxed copy this letter authorizing the cashing of the ILOCs will be attached to the UDOGM request for payment. The BLM will forward the original copy of their letter to your office by U.S. Mail.

The BLM has authorized the Utah Division of Oil, Gas, and Mining to hold and manage the funds on their behalf, per a signed Memorandum of Understanding between the two agencies.

If you have any further questions, please contact me at 435-688-3205.

Sincerely,

Larry Gore  
Acting Area Manager





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

S.W.I.F.T.: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONTINUATION OF AMENDMENT~~

LETTER OF CREDIT No.  
A5380 dated June 8, 1993

Letter of Credit NO. \_\_\_\_\_

Date: June 8, 1993

UTAH DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

and

U.S. DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

Gentlemen and Ladies:

1. Colorado National Bank ("Surety"), of Denver, Colorado, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the U.S. Department of the Interior, (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$1,067,300 in United States Dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on May 1, 1994 or (b) the date upon which sufficient documents are executed by the Division to release USMX of Utah, Inc. ("Operator") from further liability for reclamation of the Goldstrike Mine, M/053/005 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. \_\_\_\_\_ delivered to the office of the Surety, Energy Department, Attention: J.T. Reagan, 950 17th Street, Suite 300, Denver, Colorado 80202. At the Division's sole election, the Division may present sight for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

(Continued on Page 2)





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONFIRMATION OF AMENDMENT~~

LETTER OF CREDIT No.  
A5380 dated June 8, 1993

PAGE 2

8. All communications regarding this Letter of Credit will be addressed to the Surety Energy Department, Attn: J.T. Reagan, 950 17th St., Suite 300, Denver, CO, 80202, referencing Letter of Credit No.

Very Truly Yours,

COLORADO NATIONAL BK  
The Surety

By: CHRIS HAUGE  
(Name typed or printed)

Chris Hauge  
(Authorized Signature)

Title: INTL OPERATIONS OFFICER





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONTINUATION OF AMENDMENT~~

LETTER OF CREDIT No.  
dated June 8, 1993

EXHIBIT A  
to  
Letter of Credit A-5380

May 18, 1998

Salt Lake City - Salt Lake County

Date

City, County

Letter of Credit No.

PAY TO OURSELVES\* -One Hundred Twenty Nine Thousand Two Hundred ----- DOLLARS

TO: Utah Division of Oil, Gas and Mining

~~Salt Lake City, Suite 1210~~ 1594 West North Temple, Suite 1210  
~~Salt Lake City, Utah 84114-5801~~ Box 145801  
Salt Lake City, Utah 84114-5801

The Utah Division of Oil, Gas and Mining

  
Authorized Signature

\*By wire transfer in United States dollars to: The Division of Oil, Gas and Mining.





COLORADO NATIONAL BANKS

950 17th Street  
Denver, Colorado 80202

S.W.I.F.T.: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONFIRMATION BY EXAMINATION~~

LETTER OF CREDIT No.  
dated June 8, 1993

EXHIBIT B  
to  
Letter of Credit

I, Mary Ann Wright a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$129,200-----, by sight draft accompanying this certificate, under Letter of Credit No. A-5380 dated June 8, 1993 issued by you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Reclamation Contract number M/053/005, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability for the Goldstrike (mine), M/053/005 (mine permit #).

The Utah Division of Oil, Gas and Mining

By:   
Authorized Signature

Date May 18, 1998



**Colorado National Bank**950 Seventeenth Street  
Denver, CO 80202

FAX:

801-359-3940

D. Wayne Hedberg

**AMENDMENT TO STANDBY LETTER OF CREDIT****Standby Letter of Credit**

Date 27 October 1997

Amendment: Two

Beneficiary: Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
and  
U.S. Department of the Interior  
Bureau of Land Management

Applicant: USMX of Utah, Inc.

The above mentioned Letter of Credit is amended as follows:

1. Letter of Credit amount has been decreased USD 738,100.00 to a new aggregate amount of USD 129,200.00.

This amendment is to be considered as part of the above Letter of Credit and must be attached thereto.  
All other terms and conditions remain unchanged.

  
Richard A. Koniar  
Assistant Vice President





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONFIDENTIAL~~

LETTER OF CREDIT No.  
dated June 8, 1993

Letter of Credit NO.

Date: June 8, 1993

UTAH DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

and

U.S. DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

Gentlemen and Ladies:

1. Colorado National Bank ("Surety"), of Denver, Colorado, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the U.S. Department of the Interior, (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$183,500 in United States Dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on May 1, 1994 or (b) the date upon which sufficient documents are executed by the Division to release USMX of Utah, Inc. ("Operator") from further liability for reclamation of the Goldstrike Mine Exploration Project, E/053/012 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. ~~1~~ delivered to the office of the Surety, Energy Department, Attention: J.T. Reagan, 950 17th Street, Suite 300, Denver, Colorado 80202. At the Division's sole election, the Division may present sight for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such manner as the Division may specify.
6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

(CONTINUED ON PAGE 2)





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONFIRMATION OF AMENDMENT~~

LETTER OF CREDIT No.  
dated June 8, 1993

PAGE 2

8. All communications regarding this Letter of Credit will be addressed to the Surety Energy Department, Attn: J.T. Reagan, 950 17th St., Suite 300, Denver, CO, 80202, referencing Letter of Credit No.

Very Truly Yours,

COLORADO NATIONAL BK  
The Surety

By: CHRIS HAUGE  
(Name typed or printed)

Chris Hauge  
(Authorized Signature)

Title: INTL. OPERATIONS OFFICER





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT

~~XXXXXXXXXXXXXXXXXXXX~~

LETTER OF CREDIT No.

dated June 8, 1993

EXHIBIT A  
to  
Letter of Credit

May 18, 1998

Date

Salt Lake City - SL County

City, County

Letter of Credit No.

PAY TO OURSELVES\* -Sixty Nine Thousand Three Hundred - - - - -DOLLARS

TO: Utah Division of Oil, Gas and Mining

~~1594 West North Temple, Suite 1210~~

~~Box 145801~~

Salt Lake City, Utah 84114-5801

The Utah Division of Oil, Gas and Mining

Authorized Signature

\*By wire transfer in United States dollars to: The Division of Oil, Gas and Mining.





COLORADO NATIONAL BANKS  
950 17th Street  
Denver, Colorado 80202

SWIFT: CNBDUS55  
TELEX: 168141 CNBDUT  
TELEPHONE: 303/893-1862

IRREVOCABLE LETTER OF CREDIT  
~~CONFIRMATION OF AMENDMENT~~

LETTER OF CREDIT No.  
dated June 8, 1993

EXHIBIT B  
to  
Letter of Credit

I, Mary Ann Wright a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$69,300-----, by sight draft accompanying this certificate, under Letter of Credit No. A-5381 dated June 8, 1993 issued by you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Reclamation Contract number M/053/005, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability for the Goldstrike (mine), M/053/005 (mine permit #).

The Utah Division of Oil, Gas and Mining

By:   
Authorized Signature

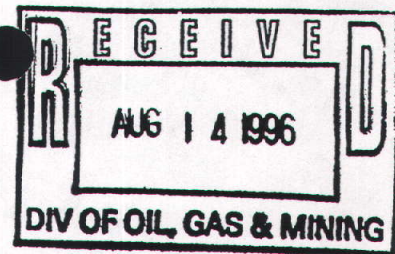
Date May 18, 1998





**Colorado National Bank**

950 Seventeenth Street  
Denver, CO 80202



2/053/01

AUGUST 2, 1996.

UTAH DIVISION OF OIL, GAS AND MINING  
3 TRIAD CENTER, SUITE 350  
SALT LAKE CITY, UTAH 84180-1203

ATTN: DEPARTMENT OF NATURAL RESOURCES

ENCLOSED IS OUR AMENDMENT NO. 1 TO STANDBY LETTER OF  
CREDIT NO. . . . . ISSUED YOUR FAVOR ON BEHALF OF USMX OF  
UTAH, INC.

IF YOU HAVE ANY QUESTIONS REGARDING THIS LETTER OF CREDIT  
PLEASE CONTACT US AT 303-585-4433.

REGARDS,

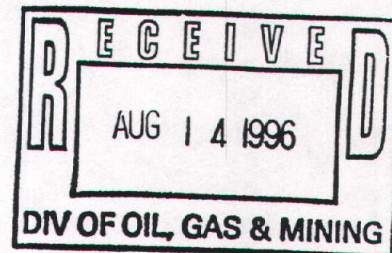
MIKE DOBYAN  
INTERNATIONAL SERVICES





**Colorado National Bank**

950 Seventeenth Street  
Denver, CO 80202



Date: August 2, 1996.

AMENDMENT TO STANDBY LETTER OF CREDIT

Amendment Number 1      Letter of Credit Number

Beneficiary: Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
and  
U.S. Department of the Interior  
Bureau of Land Management

Applicant: USMX of Utah, Inc.

THE ABOVE MENTIONED CREDIT IS AMENDED AS FOLLOWS:

- 
1. Amount is decreased by USD 114,200.00 to a new aggregate total of USD 69,300.00.
- 

This credit is subject to the Uniform Customs and Practice for Documentary Credits published by the International Chamber of Commerce, or any subsequent revision thereto.

This Amendment is to be considered as part of the above Credit and must be attached thereto.

All other terms and conditions remain unchanged.

Colorado National Bank

Richard A. Koniar  
Assistant Vice President

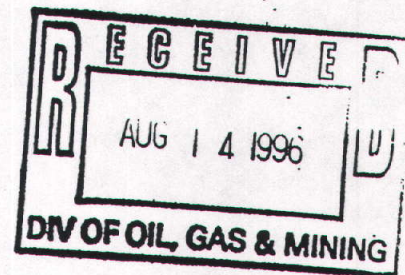




State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Ted Stewart  
Executive Director  
James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)



May 6, 1996

Doug Jensen  
USMX  
P.O. Box 2650  
St. George, Utah 84770

Re: Reduction in Exploration Project Reclamation Surety, USMX, of Utah, Inc., Goldstrike Exploration, E/053/012 (UTU-68572), Washington County, Utah

Dear Mr. Jensen:

On February 6 and 7, 1996, Division and BLM staff examined a number of exploration roads and sites reclaimed by USMX. The earthwork completed at the project areas visited is acceptable to the Division, and in most cases the quality of the earthwork was exceptional. The revegetation at a number of reclaimed areas has not yet survived three growing seasons and will still require additional growing seasons before these areas can be fully released. A copy of the Division memo documenting this inspection is attached for your reference.

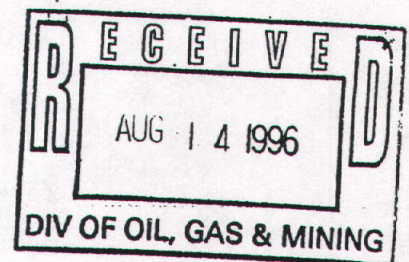
On April 18, 1996, the Division received a letter from the BLM which described the exploration disturbances which remain to be reclaimed. The description of these areas matches those descriptions used in the 1/96 map titled Goldstrike Exploration Plan Of Operations. The Division concurs with the BLM estimate of remaining reclamation associated with this exploration project. Using this information the Division has prepared a revised reclamation estimate (copy attached) for the remaining reclamation. Approximately 47.5 acres of exploration disturbance have been regraded and seeded; however, the vegetation has not yet endured three growing seasons or achieved the revegetation success standard. A surety amount will be retained to cover reseeding costs for this acreage. Please note that the 1/96 map did not have the PP-T 1-4 trench area color coded as being reclaimed; however, the inspection memo describes the earthwork for this area as being completed in 1993.

The current amount of surety jointly posted for this project is for the amount of \$183,500. USMX is hereby authorized to reduce the exploration project surety to a new total of \$69,300. You may effect this change at your earliest convenience. The easiest way to effect this change may be to issue a rider to the existing surety bond. The method of reduction does not require approval by our Board. If you choose to replace the existing surety bond with another





Page 2  
Doug Jensen  
E/053/012  
May 6, 1996



bond or other form of surety, the replacement surety will need to jointly list the BLM and Division and be on the proper form. Please notify our office of your preferred form of replacement surety so we may provide you with the appropriate forms. Replacement of the existing surety with an entirely new surety from a different company would require approval by our Board.

If you have any questions in this regard, please contact Wayne Hedberg or Tony Gallegos of the Minerals Staff.

Very truly yours,

A handwritten signature in black ink, appearing to read "James W. Carter".

James W. Carter  
Director

jb  
Attachments: 2/7/96 insp memo, reclamation estimate of 5/2/96  
cc: James Crisp, BLM Dixie Resource Area  
Tom Smagala, USMX (Corporate office)  
fax: Don Nielson, USMX (Corporate office)  
e53-12rl.let



SETTLEMENT AGREEMENT BETWEEN  
UTAH DIVISION OF OIL, GAS & MINING AND USMX OF UTAH, INC.

**STATEMENT OF FACTS:**

USMX of Utah, Inc., (USMX) is the owner and operator of the Goldstrike Mine (Site) located in Washington County, Utah.

It is the mutual objective of the Utah Division of Oil, Gas & Mining (UDOGM), the U.S. Department of the Interior, Bureau of Land Management (BLM) and USMX to successfully reclaim the Site in a timely and cost effective manner.

A reclamation and closure plan for the Site has been designed and submitted by USMX and its consultants for approval by UDOGM and the BLM.

USMX has a detailed understanding of the Site, a thorough knowledge of the requirements for closure, and an experienced management team to carry out the plan.

USMX is financially unable at this time to execute the approved reclamation plan on its own.

USMX has posted cash performance bonds of approximately \$1,014,000 pledged to insure Site reclamation.

**TERMS OF SETTLEMENT:**

USMX agrees to voluntarily surrender all its cash reclamation bonds and its letters of credit to UDOGM.

UDOGM agrees to use the funds from the cash reclamation bonds and its letters of credit to reclaim the Site.

Pursuant to the terms and conditions of the existing joint agency Memorandum of Understanding between UDOGM and the BLM, UDOGM will act as the lead agent in coordinating and managing the forfeited reclamation sureties for this project.

USMX will continue to provide management and oversight, in the capacity as a vendor to UDOGM, responsible for completing the reclamation of the Site in 1998 according to the closure plan.

The budget and schedule (attached as Appendices A-1 and A-2) will be the basis for billings and tracking progress. It is understood that the exact timing of expenditures and tasks may vary depending on when work commences, weather and contractor billing practices.

USMX will provide invoices with supporting documentation to UDOGM on a bi-weekly basis.



UDOGM will make payment to USMX no later than thirty days following receipt of invoices.

UDOGM will appoint a representative who will be consulted by USMX regarding any material decisions or modifications effecting the budget, schedule or closure plan.

USMX will provide written bi-weekly progress reports to UDOGM's designated representative.

UDOGM has the right at its sole discretion to discharge USMX at any time, with two weeks notice and settlement of all outstanding invoices.

If any monies remain from the bond after post closure they would be returned to USMX.

The effective date of this settlement is May 18, 1998.

Agreed to this 15<sup>th</sup> day of May, 1998.

Joe G. Kircher

Joe G. Kircher, Vice President of Operations  
USMX of Utah, Inc.  
Tax payer ID #: 76-02-6362-2

STATE OF Colorado )

COUNTY OF Adams )

On the 15<sup>th</sup> day of May, 1998, personally  
appeared before me J. G. Kircher, who being by me duly sworn did  
say that he, the said J. G. Kircher is the Vice President  
of Operations of USMX of Utah, Inc. and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or a  
resolution of its board of directors and said J. G. Kircher  
duly acknowledged to me that said company executed the same.

Kayron L. McCoy

Notary Public

Residing at: Westminster Co.

Sept. 23, 1998  
My Commission Expires:

KAYRON MCCOY  
Notary Public, State of Colorado  
County of Adams  
Commission Expires Sept. 23, 1998



Agreed to this 15 day of May, 1998.

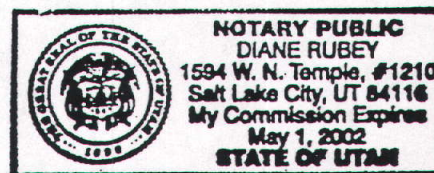
Lowell P. Braxton  
Lowell P. Braxton, Acting Director  
Utah Division of Oil, Gas and Mining

STATE OF Utah )  
COUNTY OF Salt Lake )

On the 15 day of May, 1998, personally  
appeared before me Lowell P. Braxton, who being by me duly sworn did  
say that he, the said Lowell P. Braxton is the Acting Director  
of Division of Oil, Gas and Mining and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or a  
resolution of its board of directors and said Lowell P. Braxton  
duly acknowledged to me that said company executed the same.

Diane Rubey  
Notary Public  
Residing at: Salt Lake City

May 1, 2002  
My Commission Expires:





APPENDIX A-1

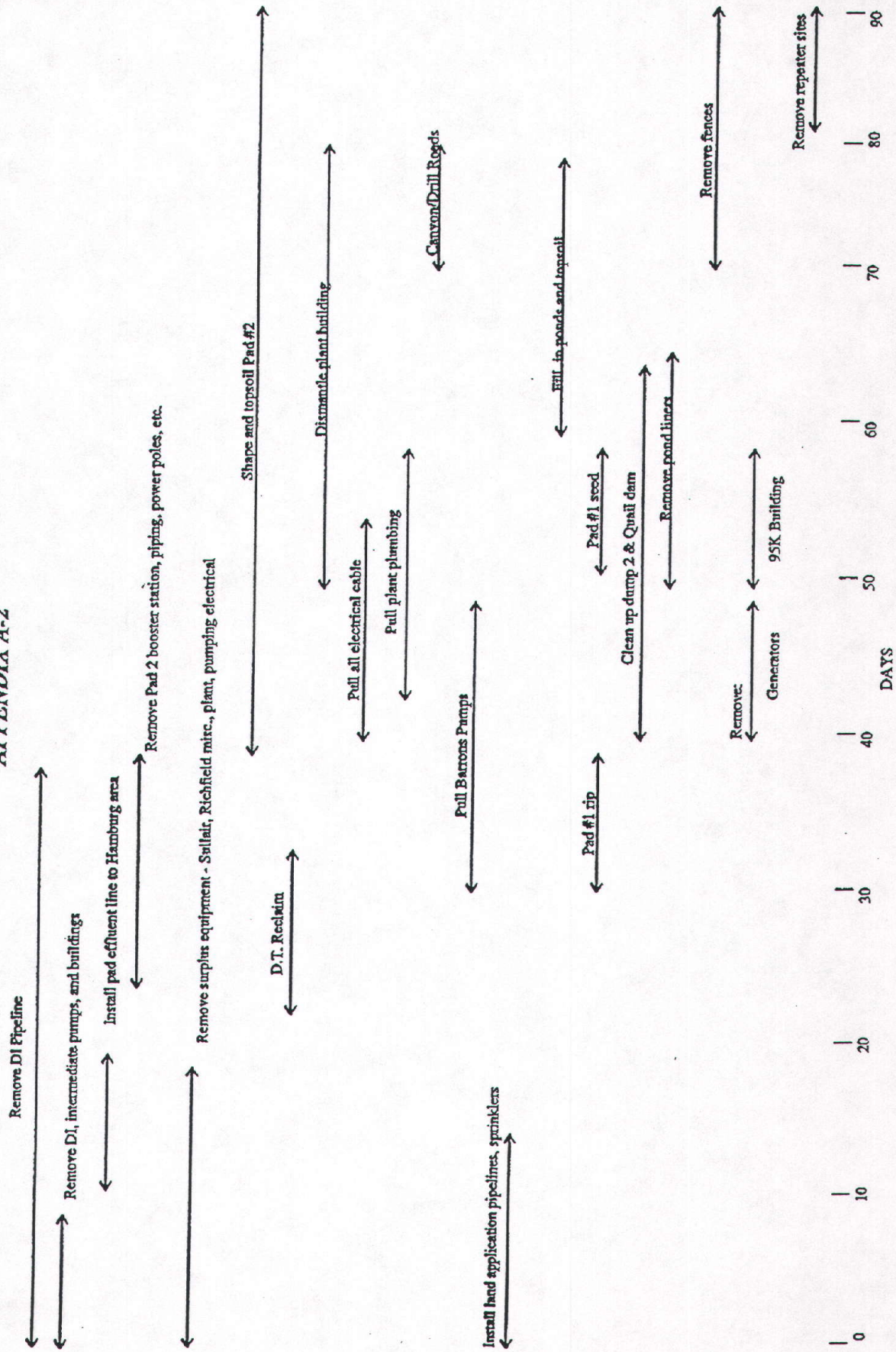
GOLDSTRIKE MINE - 1998 Reclamation/Closure Budget

*5/15/98*

Description	May	June	July	August	September	October	November	December	Totals
Freight/Postage	\$ 50	\$ 100	\$ 100	\$ 200	\$ 100				\$ 550
Corporate G&A	2,000	4,000	4,000	4,000	4,000				\$ 18,000
Wages Admin	5,600	11,200	11,200	11,200	11,200	11,200	4,600	1,500	\$ 67,700
Completion Incentive	-	-	-	-	-	45,000	-	-	\$ 45,000
Supplies	200	400	400	400	400	400			\$ 2,200
Vehicle Maintenance	750	1,500	1,500	1,500	1,500				\$ 6,750
Communications	250	500	500	500					\$ 1,750
General Insurance	250	500	500	500	500	500			\$ 2,750
Travel Expense	1,250	1,250	1,250	1,250	1,250	1,250	1,250	250	\$ 9,000
Property Tax									\$ -
Environmental Tests	1,250	2,500	2,500	2,500	2,500	2,500	2,500	2,000	\$ 18,250
Safety Supplies	50	100	100	100	100				\$ 450
Out/Services	50	100	100	100	100				\$ 450
Temps	1,500	6,500	6,500	6,500	6,500				\$ 27,500
Diesel	1,500	2,000	2,000	2,000	2,000	2,000	1,000		\$ 12,500
Plant Decomm				10,000	10,000				\$ 20,000
Pad 1 Rip			20,000						\$ 20,000
Pad 2 Shape		100,000	110,000	70,000					\$ 280,000
Infiltration Gallery		10,000							\$ 10,000
Pad 2 Topsoil				40,000	70,000				\$ 110,000
Ponds Decomm			1,000	10,000	10,000				\$ 21,000
Canyon/Beaver						8,000			\$ 8,000
Padre Road					5,000				\$ 5,000
Plant/Pad Ripping					12,000				\$ 12,000
Pad 2/Plant Revegetation						40,000	10,000		\$ 50,000
Force Accl.			8,000	8,000	8,000	8,000			\$ 32,000
Dozer Misc.					15,000	15,000			\$ 30,000
Drill Roads						49,000			\$ 49,000
No/IBR Consultants		10,000		5,000		10,000			\$ 25,000
Security		2,000	2,000	2,000					\$ 6,000
Equipment Storage	200	400	400	400	400	400	400		\$ 2,600
Dump 1 Revegetation			15,000						\$ 15,000
Contingency		4,000	15,000	15,000	15,000	15,000			\$ 64,000
Totals	\$ 14,900	\$ 157,050	\$ 202,050	\$ 191,150	\$ 175,550	\$ 208,250	\$ 19,750	\$ 3,750	\$ 972,450



# GOLDSTRIKE PROJECT TIME LINE APPENDIX A-2





**Colorado National Bank**950 Seventeenth Street  
Denver, CO 80202

FDX:

801-359-3940

D. Wayne Hedberg

**AMENDMENT TO STANDBY LETTER OF CREDIT**

Standby Letter of Credit

Date 27 October 1997

Amendment: Two

Beneficiary: Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
and  
U.S. Department of the Interior  
Bureau of Land Management

Applicant: USMX of Utah, Inc.

The above mentioned Letter of Credit is amended as follows:

1. Letter of Credit amount has been decreased USD 738,100.00 to a new aggregate amount of USD 129,200.00.

This amendment is to be considered as part of the above Letter of Credit and must be attached thereto.  
All other terms and conditions remain unchanged.

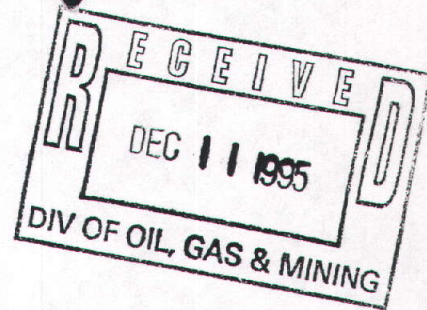
  
Richard A. Koniar  
Assistant Vice President





# Colorado National Bank

950 Seventeenth Street  
Denver, CO 80202



December 8, 1995

Mr. James W. Carter  
Division Director  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
355 W. North Temple  
Salt Lake City, UT 84180-1203

Lauren L. Cooper - CNDT0311  
Senior Portfolio Assistant  
Energy Industries Division



Colorado  
National  
Bank

~~950 Seventeenth Street~~ #300  
Denver, CO 80202  
303 585-4216  
FAX 303 585-4362

918 SEVENTEENTH STREET  
CNBB 0300  
DENVER, CO 80202

Re: Certificate of deposit # \_\_\_\_\_ in the amount of \$1,000,000.00 payable to  
State of Utah Division of Oil and Gas and US Dept. of Interior, BLM, USMX of  
Utah, Inc.

Dear Mr. Carter:

Please find enclosed certificate of deposit # \_\_\_\_\_ in the amount of \$800,000.00.  
This certificate of deposit will replace the above referenced certificate of deposit for  
USMX of Utah, Inc. Please return the \$1,000,000.00 certificate of deposit to my  
attention at your earliest convenience. If you have any questions, please do not hesitate to  
contact me at (303)585-4216.

Sincerely,

Lauren L. Cooper  
Senior Portfolio Assistant  
Energy Industries Division

llc/

Enclosure

cc: USMX, Inc.



**COLORADO NATIONAL BANK**  
Denver Private Banking

MEMBER FDIC

BANK/BRANCH NO: 288/ 215

**CERTIFICATE OF DEPOSIT**  
**AGREEMENT & RECEIPT**  
NON-TRANSFERABLE

DEPOSITOR(S)  
NAME AND ADDRESS

STATE OF UTAH DIVISION OF OIL AND GAS  
AND US DEPT. OF INTERIOR, BLM  
USMX OF UTAH, INC.

3 TRIAD CENTER, SUITE 350

SALT LAKE CITY

UT

841801203

ACCOUNT NO:

ACCOUNT NUMBER

**AUTOMATICALLY RENEWABLE**

**THIS CERTIFICATE WILL  
AUTOMATICALLY RENEW  
AT MATURITY.**

SOCIAL SECURITY NO:

DATE OF DEPOSIT: 12/06/95

INTEREST RATE: 3.50000%

DEPOSIT AMOUNT: \$800,000.00

ANNUAL PERCENTAGE YIELD: 3.55%

YOUR ACCOUNT WILL MATURE ON: 03/06/96

YOUR ACCOUNT WILL MATURE IN: 3 MONTHS

☒ INTEREST WILL BE COMPOUNDED AND CREDITED at maturity

☐ INTEREST WILL BE PAID OUT \_\_\_\_\_ BY CHECK

☐ TRANSFER TO \_\_\_\_\_

**ACCOUNT TERMS**

- \* The interest rate and annual percentage yield for your account are indicated at the top of this document. You will be paid this rate until the maturity date of the certificate. The annual percentage yield assumes interest remains on deposit until maturity. A withdrawal will reduce earnings. The interest rate on your account may be adjusted upon renewal. Interest begins to accrue on the business day you deposit noncash items (e.g., checks). We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.
- \* This account will automatically renew at maturity. You will have a grace period of ten (10) calendar days from the maturity date to withdraw funds without penalty. Interest will be paid during this ten (10) day period if the amount withdrawn is deposited in another time certificate at this bank. The bank may upon not less than 30 days written notice elect to call this certificate for payment on a maturity date.
- \* This certificate is an agreement to keep funds on deposit with the bank until the current maturity date. Except as required by law, withdrawal prior to maturity will be permitted only with the consent of the bank which may only be given at the time of withdrawal.
- \* Except as Prohibited by law, we will impose a penalty if you withdraw any of the deposited funds before the maturity date. The penalty will be assessed on the amount withdrawn. The fee imposed will equal: Three (3) months interest on accounts with terms less than one (1) year; Six (6) months interest on accounts with terms one (1) year or greater.
- \* You may not make deposits into your account until the maturity date. You may make partial withdrawals from your account prior to maturity; however, except as prohibited by law, we will impose the early withdrawal penalty on the amount withdrawn. The minimum withdrawal amount is \$1,000. If a withdrawal is made, your remaining balance must meet minimum opening balance requirements. Partial withdrawals are not allowed on accounts with balances \$100,000 and over.
- \* This deposit is not transferable. This certificate may not be paid to any person other than the named depositor(s). Any person requesting payment of this certificate will be required to establish to the satisfaction of the bank, that (s)he is the depositor.